Lam Soon Edible Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd

HIGH COURT (KUALA LUMPUR) — ORIGINATING MOTION NO D5(IP)-25–7 OF 2009
AZAHAR MOHAMED J
9 FEBRUARY 2010

Trade Marks — Registered trademark — Expungement — Application for — Whether applicant aggrieved person — Whether applicant established prima facie case of non-use of respondent's trademark — Whether there was sufficient evidence of non-use during relevant three year period — Whether applicant satisfied minimum criteria of non-use

The applicant was at all material times the owner of the NATUREL trademark and there had been substantial use and goodwill of this mark by the applicant in class 29 products. The respondent was at all material times the registered proprietor of the NATURELL trademark ('the respondent's trademark'), registered under class 30. The applicant had embarked on registering its NATUREL trademark in class 30 products, with the intention to market different products using this trademark. The applicant took the preparatory steps and made the application to register the intended trademark. However, its application was unsuccessful, inter alia, on the grounds that it was identical or confusingly similar to the respondent's trademark. The applicant then filed the instant application pursuant to ss 45 and/or 46 of the Trade Marks Act 1976 ('the Act') for the respondent's trademark to be expunged and removed from the register of trade marks for non-use. It was the applicant's case that there had in fact been non-use by the respondent of the respondent's trademark for a continuous period of not less than three years up to 16 March 2009, ie one month before institution of this proceeding. To establish non-use the applicant relied on the reports by AC Nielsen Malaysia and the Nielsen Company Malaysia. The respondent adduced evidence to establish that there had been active advertising and promotion of its biscuits bearing the NATURELL trademark continuously since 2006. The two issues to be considered in this appeal were whether the applicant had the locus standi to file the present action and whether the applicant had established a prima facie case of non-use of the respondent's trademark.

Held, dismissing the application with costs:

(1) In order to have the locus standi to file the present action, the applicant must be a 'person aggrieved' within s 46(1) of the Act. It was found that

on the facts of the present case, the applicant was clearly an aggrieved person as it was substantially interested in having the respondent's trademark removed (see para 4).

(2) As the applicant commenced the present action on 16 April 2009, the relevant non-use period under s 46(1)(b) of the Act was from 16 March 2006 to 16 March 2009. In addition, the survey evidence relied upon by the applicant to establish non-use during this period must satisfy certain minimum criteria. However, the survey reports relied upon by the applicant in this case were not reflective of the factual position or state of affairs at the time of the commencement of this proceedings and were fundamentally flawed because they did not cover the whole of Malaysia. Although the applicant relied on the reports by AC Nielsen Malaysia and the Nielsen Company Malaysia, it did not introduce the background and credentials of these companies or provide evidence as to whether the reports of these companies had been accepted as authoritative sources of information by the Malaysian courts. As such, the applicant had failed to establish a prima facie case of non-use in good faith of the respondent's trademark in Malaysia (see paras 7–10).

(3) In any event, the respondent had adduced sufficient evidence of use in good faith of the NATURELL trademark during the relevant three year period, in that the respondent had undertaken active and substantial steps prior to or about 16 March 2009. The respondent had explained that it had been continuously conducting development and research as well as collating information relating to the range of 'healthy biscuits' and had carried out considerable preparatory steps for the re-launch of the NATURELL biscuits many months before the commencement of the instant proceedings, and before the proceedings were brought to the respondent's attention. As such, there was sufficient use of the respondent's trademark in respect of the said goods during the relevant period and the respondent had not abandoned use of its trademark (see paras 10–13 & 15–16).

[Bahasa Malaysia summary

Pemohon pada setiap masa material merupakan pemilik tanda dagangan NATUREL dan terdapat penggunaan substansial dan dengan niat baik tanda ini oleh pemohon dalam produk-produk kelas 29. Responden pada setiap masa material merupakan tuan punya berdaftar tanda dagangan NATURELL ('tanda dagangan responden'), yang didaftarkan di bawah kelas 30. Pemohon mula mendaftarkan tanda dagangan NATUREL dalam produk-produk kelas 30, dengan niat untuk memasarkan produk-produk berbeza menggunakan tanda dagangan tersebut. Pemohon telah mengambil langkah-langkah persediaan dan membuat permohonan untuk mendaftarkan tanda dagangan yang dimaksudkan itu. Walau bagaimanapun, permohonannya gagal, antara lain, atas dasar bahawa ianya adalah sama atau kelirupaan dengan tanda

dagangan responden. Pemohon kemudiannya memfailkan permohonan ini mengikut ss 45 dan/atau 46 Akta Cap Dagangan 1976 ('Akta') untuk tanda dagangan responden dipadam dan dikeluarkan daripada daftar tanda niaga kerana tidak digunakan. Adalah kes pemohon bahawa responden tidak menggunakan tanda dagangannya tidak lebih daripada tiga tahun hingga 16 Mac 2009 berturut-turut, iaitu sebulan sebelum prosiding ini dimulakan. Untuk membuktikan tiada penggunaan, pemohon telah bergantung kepada laporan oleh AC Nielsen Malaysia dan Nielsen Company Malaysia. Responden telah mengemukakan keterangan untuk membuktikan bahawa terdapat pengiklanan aktif dan promosi biskut secara berterusan menggunakan tanda dagangan NATURELL sejak 2006. Dua isu yang perlu dipertimbangkan dalam rayuan ini adalah sama ada pemohon mempunyai locus standi untuk memfailkan tindakan ini dan sama ada pemohon telah membuktikan kes prima facie untuk tiada penggunaan tanda dagangan responden.

Diputuskan, menolak permohonan dengan kos:

(1) Untuk mempunyai locus standi untuk memfailkan tindakan ini, pemohon hendaklah merupakan 'orang yang terkilan' dalam s 46(1) Akta. Adalah didapati bahawa atas fakta-fakta kes ini, pemohon dengan jelas merupakan orang yang terkilan kerana ia secara substanstial berminat untuk mengeluarkan tanda dagangan responden (lihat perenggan 4).

(2) Memandangkan pemohon memulakan tindakan ini pada 16 April 2009, tempoh tiada penggunaan relevan di bawah s 46(1)(b) Akta adalah dari 16 Mac 2006 sehingga 16 Mac 2009. Tambahan, keterangan tinjauan yang diguna pakai oleh pemohon untuk membuktikan tiada penggunaan semasa tempoh ini hendaklah memenuhi beberapa kriteria minimum. Walau bagaimanapun, laporan tinjauan yang diguna pakai oleh pemohon dalam kes ini tidak menggambarkan kedudukan fakta atau anggapan keadaan semasa prosiding ini dimulakan dan secara dasarnya cacat kerana ia tidak merangkumi seluruh Malaysia. Meskipun pemohon telah bergantung kepada laporan oleh AC Nielsen Malaysia dan Nielsen Company Malaysia, ia tidak memperkenalkan latar belakang dan kelayakan syarikat-syarikat tersebut atau memberi keterangan sama ada laporan oleh syarikat-syarikat tersebut diterima sebagai sumber informasi autoritatif oleh mahkamah-mahkamah di Malaysia. Oleh itu, pemohon telah gagal membuktikan kes prima facie tiada penggunaan tanda dagangan responden dengan niat baik di Malaysia (lihat perenggan 7–10).

(3) Dalam apa jua keadaan, responden telah mengemukakan keterangan penggunaan tanda dagangan NATURELL dengan niat baik semasa tempoh tiga tahun yang relevan, yang mana responden telah mengambil

langkah-langkah aktif dan substansial sebelum atau sekitar 16 Mac 2009. Responden telah menjelaskan bahawa ia telah secara berterusan menjalankan perkembangan dan penyelidikan serta mengumpul semak informasi berkenaan jenis 'healthy biscuit' dan telah mengambil beberapa langkah-langkah persediaan untuk melancarkan semula biskut NATURELL sejak beberapa bulan sebelum prosiding ini dimulakan, dan sebelum prosiding ini dibawa ke perhatian responden. Oleh yang demikian, terdapat penggunaan tanda dagangan responden yang mencukupi berkenaan dengan barangan tersebut selama tempoh relevan dan responden tidak mengabaikan penggunaan tanda dagangannya (lihat perenggan 10–13 & 15–16).]

Notes

For cases on expungement of registered trademark, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2127–2142.

Cases referred to

E-Toyo Global Stationery Sdn Bhd v Toyo Ink Sdn Bhd & Ors; The Registrar of Trade Marks (Interested Party) [2005] 1 MLJ 445; [2004] 7 CLJ 368, HC (refd)

HERMES Trade Marks [1982] RPC 425, HC (folld)

Imperial Group PLC & Another v Philip Morris Limited & Another [1984] RPC 293 (folld)

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7, CA (refd)

McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (distd)

New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd and another (1989) 14 IPR 26, FC (folld)

NV Sumatra Tobacco Trading Co v Nanyang Brothers Tobacco Co Ltd [2001] 1 SLR 197, HC (refd)

Legislation referred to

Trade Marks Act 1955 [AU] s 6(1), (2)

Trade Marks Act 1976 ss 3(1), (2), 14(1)(a), 19(1), (2), 45, 46, 46(1), 46(1)(b)

HL Yau (Josephie Sui, Abigail Lai and Harjinder Kaur with him) (Shahrizat Rashid & Lee) for the applicant.

Michael Soo (Olivia Khor with him) (Shook Lin & Bok) for the respondent.

Azahar Mohamed J:

[1] This is an application made by Lam Soon Edible Sdn Bhd ('the applicant') that the Malaysian Trade Mark Registration No 97012526 for

'NATURELL' in class 30 be expunged and removed from the Register of Trade Marks, pursuant to ss 45 and/or 46 of the Trade Marks Act 1976 ('the Act'). A

[2] The applicant is in the business of processing and refining of palm oil, manufacturing, distributing, supplying, selling and offering for supply various consumer goods in Malaysia in its current name since 1973 and prior to that in the name of Lam Soon Oil and Soap Manufacturing Sdn Bhd. B

[3] The applicant is the owner of the trademark 'NATUREL' ('the said trademark') included in class 29 products within the applicant's range of products bearing Registration No 91008179. C

[4] The applicant has been using the said trademark on its products since the late 1980's. The sales volume, its promotional and advertising expenditure of the said trademark are clearly shown in its supporting affidavit. D

[5] Hup Seng Perusahaan Makanan (M) Sdn Bhd (the respondent) is the registered proprietor of the trademark 'NATURELL' ('the respondent's trademark') registered under class 30 bearing Registration No 97012526. E

[6] The applicant, in its attempt to extend and market the use of its trademark to include class 30 products was unsuccessful when its application to register the 'Naturel & Device' trademark was objected, inter alia, on the basis that the mark is identical or confusingly similar to the respondent's trademark, and as such, contrary to ss 14(1)(a), 19(1) and 19(2) of the Act. F

[7] Now, the main basis for the applicant in filing this application is due to the non-use of the trademark 'NATURELL' by the respondent for any of the respondent's products under the class 30 range of products. G

[8] The first question for determination is whether the applicant is a person aggrieved by the respondent's trademark 'NATURELL'. Learned counsel for the respondent argued that the applicant did not have the locus standing to file the present action, as the applicant was not a 'person aggrieved' within s 46(1) of the Act. He referred to the judgment of the Federal Court in *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749. He argued that since the decision of the Federal Court, 'persons aggrieved' was given a more stringent approach. It is true in that case, the Federal Court held that it could not be right that the mere filing of its application can confer the necessary locus standi on the applicant for rectifying proceedings. However, the facts in the present case are somewhat different. The applicant has a registered mark 'NATUREL' and there has been substantial use of this mark by the applicant in class 29 products. There is goodwill in the applicant's class 29 'NATUREL' mark. With the intention to market different products using the H I

applicant's 'NATUREL' mark, the applicant had embarked on registering its intended mark in class 30. The applicant had taken preparatory steps and made the application to register the intended mark. Therefore, the case of *McLaren International Ltd v Lim Yat Meen* is distinguishable and not applicable on the facts in the present case. In my view, the applicant on the facts of the present case is clearly an aggrieved person as it is substantially interested in having the mark removed.

[9] Next, it is the contention of the applicant that there has in fact been non-use by the respondent of the NATURELL mark in good faith in relation to the goods for a continuous period of not less than three years up to 16 March 2009, ie one month before institution of this proceedings. In this regard, the onus is on the applicant to establish a prima facie case of non-use of the NATURELL mark in Malaysia before the evidential burden would shift to the respondent to adduce evidence of such use (see *NV Sumatra Tobacco Trading Co v Nanyang Brothers Tobacco Co Ltd* [2001] 1 SLR 197, *E-Toyo Global Stationary Sdn Bhd v Toyo Ink Sdn Bhd & Ors; The Registrar of Trade Marks (Interested Party)* [2005] 1 MLJ 445; [2004] 7 CLJ 368).

[10] To establish non-use, the applicant relies on the reports by AC Nielsen Malaysia and the Nielsen Company Malaysia. In my view, the reports are not reliable on the ground that the applicant has failed to show that the reports have complied with the 'minimum criteria' governing admissibility of such, evidence. The Court of Appeal in *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 held that survey evidence must meet certain minimum requirements. Mahadev Shankar JCA said at p 26:

> To the various reasons given earlier as to why the survey was of no assistance in this case there must now be added another. Even if authorship had been properly proved, survey evidence — to have validity — must meet certain minimum criteria which have been spelt out in *Imperial Group PLC & Another v Philip Morris Limited & Another* [1984] RPC 293. In the instant case, the required criteria had not been met.

[11] The 'minimum criteria' referred to by the Court of Appeal in *Lim Yew Sing* are laid down in *Imperial Group PLC & Another v Philip Morris Limited & Another* [1984] RPC 293 are as follows:

(a) the interviewees must be selected so as to represent a relevant cross-section of the public;

(b) the size must be statistically significant;

(c) it must be conducted fairly;

(d) all the surveys carried out must be disclosed including the number carried out, how they were conducted, and the totally of the persons involved;

(e) the totality of the answers given must be disclosed and made available to the defendant;

(f) the questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put;

(g) the exact answers and not some abbreviated from must be recorded;

(h) the instructions to the interviewers as to how to carry out the survey must be disclosed; and

(i) where the answers are coded for computer input, the coding instructions must be disclosed.

[12] In this regard, I agree with the submission of learned counsel for the respondent that although the survey evidence in *Lim Yew Sing* was in relation to establishing confusion in the market, the minimum criteria should be applicable to survey evidence to purportedly showing non-use of a mark under s 46(1)(b) of the Act.

[13] The applicant commenced the present action on 16 April 2009. For that reason, the relevant non-use period under s 46(1)(b) of the Act is from 16 March 2006 to 16 March 2009. In my view, the reports clearly do not comply with the minimum criteria set out in *Imperial Group* and they fall way short of establishing a prima facie case of non-use of the respondent's 'NATURELL' mark for the following reasons:

(a) The first report — the period of non-use from February to 16 March 2009 was not covered by the first report. The letter from AC Nielsen Malaysia dated 20 March 2009 states that there was no use of the 'NATURELL' mark on 'Biscuit category' from February/March 2006 to December 2008/January 2009. The previously mentioned dates show that the report compiled by AC Nielsen Malaysia and assertion in encl 2 are not reflective of the factual position or state of affairs at the time of the commencement of this proceeding. In the case of *Lim Yew Sing*, Mahadev Shankar JCA said at p 16:

> Generally, let it be said that if a survey is to be of any use, it must fairly reflect the factual position *at the time* the application to expunge is made.

(b) The second report is fundamentally flawed for the reason that it does not cover the whole of Malaysia. The report is not statistically significant, as it does not represent the cross-section of the public in Malaysia as opposed to Peninsula Malaysia only;

(c) There is no evidence the data compiled by the Nielsen Company Malaysia and/or AC Nielsen Malaysia have been accepted as authoritative source of information or data by the court in Malaysia;

(d) There is no attempt on the applicant's part to introduce the background and brief credentials of the Nielsen Company Malaysia and AC Nielsen Malaysia;

(e) There is no evidence on how the report was derived or data was collected from;

(f) There is no evidence on the number, names and locations of supermarkets, hypermarkets, retail outlets, convenience stores and provisions stores etc from which the data has been collected;

(g) There is no evidence that the said alleged data was collated from the outlets, which constitute, a cross section of the relevant trade in Malaysia; and

(h) The data appeared to be coded for computer input. However, the coding instructions were not disclosed.

[14] Based on all the previously mentioned reasons, I am of the view that the applicant has failed to establish a prima facie case of non-use in good faith of the 'NATURELL' mark in Malaysia. In such circumstances, the present application must be dismissed without requiring the respondents to adduce evidence of use. This proposition is encapsulated in the following passage in the judgment of Ramly Ali J (as he then was) in *E-Toyo Global Stationery Sdn Bhd* at p 459 (MLJ); p 381 (CLJ):

> If the applicant fails to establish such prima facie case of 'non-use' of the trade mark, there would be no requirement for the registered proprietor (the first respondent) to show that it had used the mark in question during the relevant period.

[15] In any event, the respondent has adduced sufficient evidence to show that there is use in good faith of the NATURELL mark during the relevant three year period from 16 March 2006 to 16 March 2009 in that the respondent had undertaken active and substantial steps prior to or in or about 16 March 2009. In this respect, I would like to refer *HERMES Trade Marks* [1982] RPC 425 at p 426, where it was held that:

> (ii). The phrase 'in the course of trade' is wide enough to cover the steps necessary for the production of goods as well as their actual placing on the market by the October 1976 orders, the respondents were taking positive steps to acquire goods to be marketed bona fide under the mark.... (3) If a decision as to the exercise of discretion were required, it would be in the respondent' favour because:
>
> (a) they had, on unchallenged evidence, not abandoned their mark but had taken steps, unprompted by these proceedings, to revive it;

(b) they had, on the evidence, some residual reputation in the mark;

(c) they had sold HERMES watches since the end of the five year period in continuation of a course of conduct begun during it;

(d) the applicants' association with the unregistered mark 'Hermes' was not widely recognised and their sales were in any event conceded to be infringing.

[16] It is observed at p 426 that:

> If the registered proprietor should commence a series of advertisements featuring his mark as part of an introductory campaign, prior to putting his goods on the market under the mark, but before they were actually on the market, in my judgment such use would clearly be use of the mark in the course of trade, not upon the goods or in physical relation thereto, but it would be in other relation thereto, the point being that it would be use in the course of trade in those goods, albeit in advertisement.

[17] The evidence of use adduced by the respondent can be summarised as follows. First, the respondent has been awarded Monde Selection Gold Medal in 1997. Second, the respondent has been advertising and promoting biscuits bearing the 'NATURELL' mark continuously since 2006. Third, the respondent has obtained 'Halal' certification for, inter alia, 'NATURELL' biscuits since November 2006 and has renewed the certifications. Fourth, the respondent has also advertised its range of products including the 'NATURELL BISCUITS' in Buletin Perdana in January 2005. Fifth, the respondent has also advertised its range of products including the 'NATURELL' biscuits in its product brochure during the past few years.

[18] Evidently, the respondent has continuously conducted development and research as well as collating information relating to the range of 'healthy biscuits' ('NATURELL' biscuit falls under this range) during the past few years. The manufacturing and sales of 'NATURELL' biscuits stopped temporarily due to drop in demand for 'hi-calcium' range of biscuits because of the shift in consumer taste and behavior. Therefore, it was necessary for the respondent to continue to do research and development as well as collating information on consumer taste and behavior before the prelaunch 'NATURELL'. The respondent has carried out preparatory steps for the re-launch of 'NATURELL' biscuit before the commencement of this action on 16 April 2009 and before the proceedings herein were served on the respondent on 22 May 2009.

[19] The respondent has also explained that it has done all the necessary steps including finalisation of packaging artwork, and raw materials and ingredients for the manufacturing for 'NATURELL' biscuit, before the

respondent had knowledge of this action. The respondent has also started sale of 'NATURELL' biscuit. In this regard, I wish to refer to the Federal Court of Australia decision in *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd and another* (1989) 14 IPR 26. On the issue of whether the trademark sought to be expunged was in use during the relevant period, Gummow J referred to the definition of 'trade mark' and 'use of a mark' in s 6(1) and 6(2) of the Australian Trade Marks Act 1955 respectively (in pari materia with s 3(1) and 3(2) of our Act), and said at p 44.

> The use must be as a 'trade mark', given the definition of that term in s 6(1) as a meaning, relevantly, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and the proprietor, whether with or without an indication of the identity of that person. The expression 'use' in s 23 (in pari materia with s 46 of our Act) must be understood in that context, but its denotation is not limited by any concept of the physical use of a tangible object: *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd*, supra, at 271 per Berwick CJ, McTiernan, Taylor, Owen JJ. The phrase 'in the course of trade' is wide enough to cover steps necessary for the production of the goods, as well as the actual placement of the goods on the market: *'Hermes' Trade Mark* [1982] RPC 425 at 432.

[20] In the present case, the respondent has explained that it has been continuously conducting development and research as well as collating information relating to the range of 'healthy biscuits' and had carried out considerable preparatory steps for the re-launch 'NATURELL' biscuit many months before the commencement of the proceedings herein and before the proceedings was brought to the attention of the respondent in late May 2009. The respondent has been selling its products in approximately 10,000 traditional retail outlets throughout the years. Approximately 70% of the respondent's products were and are being sold in the traditional retail outlets such as supermarkets, mini markets, convenience stores, grocery shops, provisional shops and medical halls. The respondent would invariably launch and sell its products in the traditional retail outlets first. A number of the respondent's products are presently being sold in hypermarkets such as Tesco, Carrefour and Giant.

[21] Applying the principles in *HERMES* and *New South Wales Dairy Corporation* to the facts of the present case, in my view it is clear that there has been sufficient use of NATURELL mark by the respondent in respect of the said goods during the relevant period and the respondent has not abandoned use of the 'NATURELL' mark in respect of the goods under Registration No 97012526.

[22] Therefore, the application to expunge and to remove the Malaysian Trade Mark Registration No 97012526 for 'NATURELL' in class 30 from the Register of Trade Marks is dismissed with costs.

Application dismissed with costs.

Reported by Kohila Nesan